



## Health Care Management Associates, Inc.

200 Broadway, Suite 301, Lynnfield, MA 01940 781/596-0122 781/595-3540 Fax

July 31, 2006

Mr. Ed Gil de Rubio  
Sullivan County Manager  
14 Main Street  
Newport, NH 03773

**By Federal Express**

Dear Ed,

As requested, the following is our proposed agreement for **Ongoing Project Support and Assistance** in order to implement the development of the Meadows at Sullivan County. This would cover an estimated period of ten months through the Priority Deposit Campaign. This includes stages one and two of the attached Implementation Schedule with Stages and Tasks. Michael Pulling would serve as the Planning Coordinator under the direction of the County Manager, and would be assisted by other staff as appropriate. He would not be authorized to obligate the county in any manner, nor to sign contracts or agreements. However, he would be permitted to represent the county for the purposes of planning and project implementation.

This assumes that the County Manager and Commissioners would have a very active role and ultimate responsibility for project management. However, we would provide guidance and assistance throughout the project, including planning and implementing most of the major tasks as outlined. Based upon our experience to date, this would be the most effective and least expensive approach.

Project costs may vary considerably depending upon the stage of the project and any unusual occurrences or delays. However, it has been our experience that our costs would not exceed \$67,022 (\$33,511 per stage) included under Pre-Filing Planning and Development in our June 12, 2006 report (Table 2 attached). This does not include the cost for architects, engineers, lawyers, and related professional services if required. Such costs are subject to your review and approval.

Because of the limited county budget for this fiscal year, we would proceed only with stages one and two. Subsequent stages would need your approval. Our budget estimate for this project through June 30, 2007 is as follows:

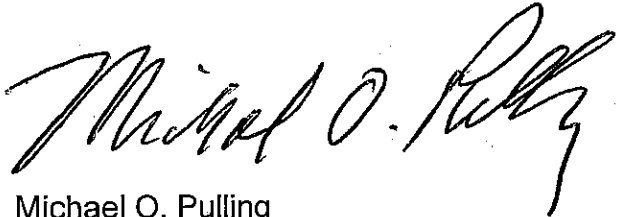
- ✓ Stage 1 Planning and Coordination - \$33,511
- ✓ Architect Site and Design Review - \$21,782
- ✓ Printing, Mailing, and Advertising - \$10,053
- ✓ Stage 2 Planning and Coordination - \$33,511

**Fiscal Year Project Budget    \$98,857**

A signed copy of this letter will be our authorization to proceed. This agreement may be cancelled by either party, without prejudice, with two weeks written notice. Any costs incurred are payable up to the day of termination. This proposed agreement will remain in effect for a period of thirty days. Bills will be submitted monthly, along with a summary of activities, and payment is due within 15 days. A \$10,000 initial payment is due upon approval of this agreement.

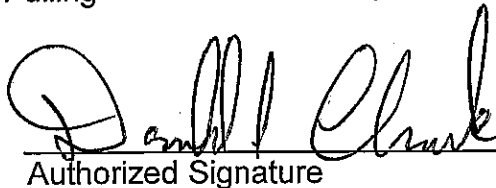
Respectfully submitted,

HEALTH CARE MANAGEMENT ASSOCIATES, INC.



Michael O. Pulling  
President

Agreed to:

  
Authorized Signature

Aug. 8, 2006  
Date

\_\_\_\_\_ \$10,000 initial payment enclosed

Attachments

Ref: Sullivan County Implementation 6-06

## **Implementation Schedule with Stages and Tasks**

### **Stage 1** –Approximately Five Months

#### **Project Management/Team**

- Review Work Plan and Assignments
- Roles and Relationships
- Consultants and Resources
- Initial Zoning/Permits/Approvals

#### **Architect/General Contractor**

- Selection Guidelines
- Identify Preferred Firms
- Interviews and Selection
- AIA Agreement (in Stages)
- Initial Design Guidelines
- Initiate Schematic Design
- Preferred General Contractor Letter of Intent

#### **Planning and Marketing Guidelines**

- Priority Deposit Application
- Informal Deposit Solicitation
- Trust Department Focus Group
- Initial News Release
- Legal Review – Imputed Interest/Related
- Financing Plan – Screening Criteria
- Outline Community Education (Deposit ) Campaign
- Long Term Care Insurance Options
- Service Delivery Plan
- Regulatory Status of Service Delivery Plan
- Pre-Construction Unit Selection Guidelines

#### **Schematic Design/Project Review**

- Permitting and Approval Status
- Specific Design Recommendations and Options
- Unit Layouts, SF, Costs
- Proceed with Design Development
- Resolve Any Outstanding Issues

#### **Prepare Community Education (Priority Deposit) Campaign**

- Future Residents/Priority List Advisory Meeting
- Complete Prospectus Brochure
- News Release, Mailings, Contacts
- Informational Meetings
- Presentational Materials
- Speakers Bureau
- Priority Deposits

## **Stage 2** – Approximately Four Months

### **Initiate and Continue Priority Deposit Campaign**

- Proceed with Marketing Plan
- Hold Weekly Information Sessions for Prospective Residents
- Evaluate Number of Deposits and Commitment Strength
- Continue or Revise Ongoing Efforts
- Priority List Newsletters/Updates
- Priority List Recruiters

### **Proceed with Project Development If Sufficient Priority Deposits**

- Complete Permitting and Approvals
- Complete Design Development
- Draft Residency Agreement
- Draft Resident Manual

## **Stage 3** – Approximately Three Months

### **Construction Deposits/Unit Selection**

- Finalize Pricing and Fees
- Finalize Options and Additional Costs
- Informational Meetings
- Intensive Sessions with Priority Depositors
- Review Apartment Selections and Agreements
- Construction Deposits
- If Sufficient, Proceed with Final Working Drawings
- Re-Evaluate as Needed

## **Stage 4** – Approximately Twelve Months

### **Start and Complete Construction**

- Finalize Construction Financing
- Complete Construction Documents
- Construction Contract
- Construction Oversight Plan
- Continue Priority Deposits
- Continue Construction Deposits
- Ongoing Communication with Residents List

### **Operational Planning and Start-up**

- Review Operational Plan and Costs
- Initiate Operational and Start-up Planning
- Recruit and Hire Meadows Director
- Determine and Arrange for Shared and Purchased Services
- Initiate Pre-operations Staffing Plan
- Complete Necessary Manuals and Related
- Complete Licensure and Approvals
- Establish Resident Move-in Schedule and Initiate Operations

**Table 2**  
**Estimated Capital Expenditure**  
**41 Apartments**

Land Acquisition Costs	0
Building Acquisition Costs	0
Construction Contract	6,702,203
Fixed Equipment Not in Contract	0
Major Movable Equipment	164,000
Site Survey/Soil Investigation	33,511
Architectural/Engineering Costs	435,643
Pre-Filing Planning/Development	134,044
Post-Filing Planning/Development	67,022
Legal and Accounting	40,213
Other	50,267
<b>Total Construction Costs</b>	<b>7,626,903</b>
Net Construction Interest	228,807
Costs of Securing Financing	38,135
Bond Discount	0
Other	0
<b>Total Financing Costs</b>	<b>266,942</b>
<b>Estimated Total Capital Expenditure</b>	<b>7,893,845</b>